

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of SAN DIEGO GAS & ELECTRIC
COMPANY (U 902-E) for Approval of its 2026
Electric Procurement Revenue Requirement
Forecasts, 2026 Electric Sales Forecast, and GHG-
Related Forecasts

Application 25-05-012
(Filed May 15, 2025)

**SAN DIEGO GAS & ELECTRIC COMPANY'S (U 902-E)
OCTOBER UPDATE TO APPLICATION**

*****PUBLIC VERSION*****

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October 14, 2025

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I. INTRODUCTION

On May 15, 2025, San Diego Gas & Electric Company (“SDG&E”) submitted its Application for Approval of its 2026 Electric Procurement Revenue Requirement Forecasts, 2026 Electric Sales Forecast, and GHG-Related Forecasts (“Application”). In the fall of each year, SDG&E updates certain information in the testimony supporting its forecast application using data that was not available at the time it submitted its application (*i.e.*, the “October Update”). Consistent with that practice, and per the Assigned Commissioner’s Scoping Memo and Ruling dated July 21, 2025 (“Scoping Memo”), SDG&E hereby submits its October Update, which consists of updated information sponsored by several SDG&E witnesses.

In addition, Section IV below summarizes the key changes between the October Update and the May filing, including an explanation for any significant changes in the revenue requirements proposed, as ordered in the October 6, 2025 email ruling.

II. BACKGROUND

In the Application, SDG&E requested approval of its 2026 forecast of (1) the Energy Resource Recovery Account (“ERRA”) revenue requirement, which includes greenhouse gas (“GHG”) costs; (2) the Portfolio Allocation Balancing Account (“PABA”) revenue requirement; (3) the Competition Transition Charge (“CTC”) revenue requirement tracked in the Transition

Cost Balancing Account (“TCBA”);¹ (4) the Local Generation (“LG”) revenue requirement tracked in the Local Generating Balancing Account (“LGBA”);² (5) the Modified Cost Allocation Methodology (“MCAM”) revenue requirement; (6) the BioMat Non-Bypassable Charge Balancing Account (“BNBCBA”) revenue requirement; (7) San Diego Community Power’s (“SDCP”) Disadvantaged Communities – Green Tariff (“DAC-GT”) revenue requirement; (8) the Tree Mortality Non-Bypassable Charge (“TMNBC”) revenue requirement; and (9) the GHG allowance revenues and return allocations. By its Application, SDG&E also requested Commission approval of its 2026 electric sales forecast as directed by D.22-03-003. Additionally, SDG&E requested approval for its proposed 2026: (1) GHG Allowance Return rates; (2) vintage Power Charge Indifference Adjustment (“PCIA”) rates; and (3) MCAM rates. SDG&E’s Application was supported by the testimony of seven witnesses.

The October Update has traditionally served to update testimony regarding the CTC Market Price Benchmark (“MPB”) and the PCIA benchmarks. This information is provided to SDG&E by the Commission’s Energy Division, which compiles and provides updated input assumptions to the investor-owned utilities (“IOUs”) so that the MPB can be calculated. These assumptions typically do not become available until early fall, as they include forward price curves for all the trading days in September.³

¹ The purpose of the TCBA is to accrue all the CTC revenues and recover all CTC-eligible generation-related costs.

² The purpose of the LGBA is to record revenues and costs of generation and other energy sources where the Commission has determined that the resource is subject to the Cost Allocation Mechanism (“CAM”).

³ D.22-01-023, Ordering Paragraph (“OP 1”) changed the release of the Market Price Benchmarks from November 1st to October 1st of each year to allow for the update process to take place in October instead of November.

Updates to the ERRA testimony are warranted since approximately five months have passed since the filing of the May Application, and various input assumptions have changed, some of which include the following. As noted above, the ERRA testimony has been updated to include the updated MPBs, which saw a significant decrease.⁴ In addition, projected 2025 year-end ERRA and PABA account balances have been revised to reflect actuals through August 2025.

SDG&E has also made updates based on Commission decisions that require certain updates be included in the October Update and/or other relevant information that has become available since the submission of the Application.

III. SUMMARY OF UPDATES TO THE APPLICATION

In its Application, SDG&E sought approval of a total 2026 forecasted revenue requirement of \$270.5 million. In this October Update, SDG&E seeks approval of its *updated* total 2026 forecasted revenue requirement of \$824.1 million, which is comprised of several forecasts of specific items.⁵ Table 1 below reflects SDG&E's proposed changes to the forecasts set forth in the Application:

⁴ Annual Market Price Benchmark updates were received from the Commission on October 1, 2025. This October Update reflects the final 2025 Renewable Energy Credits ("RECs") and Resource Adequacy ("RA") benchmarks, and also the forecasted 2026 Energy Index, RECs, and RA benchmarks.

⁵ This forecasted revenue requirement excludes Franchise Fees and Uncollectibles ("FF&U") and the 2026 TMNBC revenue requirement due to confidentiality concerns.

TABLE 1 Proposed Revenue Requirements (\$M)⁶					
Line	Description	2026 Revenue Requirement May Filing	2026 Revenue Requirement October Update	Change⁷	Change (%)
		w/out FF&U	w/out FF&U	w/out FF&U	w/out FF&U
1	ERRA	482.9	382.0	(100.9)	-20.9%
2	ERRA Year-end Balance	(0.5)	(14.0)	(13.4)	2442.5%
3	PABA	(109.2)	187.5	296.7	-271.85%
4	PABA Year-end Balance	14.2	274.2	260.0	1830.7%
5	CTC	0.5	0.5	0.0	7.0%
6	LG	202.7	247.1	44.4	21.9%
7	LGBA Year-end Balance	(155.1)	(101.0)	54.1	-34.9%
8	GHG Revenues for Return	(165.2)	(152.7)	12.4	-7.5%
9	BioMat	-	-	-	-
10	Modified CAM	0.1	0.3	0.2	308.5%
11	SDCP DAC-GT/CS-GT	-	-	-	-
12	Total	270.5	824.1	553.5	204.6%

Based on this October Update, SDG&E projects a combined total increase in revenue requirement of \$704.4 million (including FF&U) compared to the currently effective rates. In total, these changes, when implemented with SDG&E's 2026 sales forecast, would increase the total bundled system average rate 4.2 cents per kWh, or 11.9%. Without the Residential and Small Business Semi-Annual CCC, the total bundled system average rate would increase by 3.7 cents per kWh, or 10.1%. For unbundled customers, SDG&E's system average delivery plus PCIA rates will increase 4.7 cents per kWh, or 25.5%. Without the Residential and Small

⁶ This table reflects a consolidated summary of proposed revenue requirements for both bundled and departed load combined.

⁷ Differences may not equal due to rounding.

Business Semi-Annual CCC, SDG&E's system average delivery plus PCIA rates would increase 4.2 cents per kWh, or 21.3%.

A typical bundled non-California Alternative Rates for Energy ("CARE") residential customer using 400 kilowatt-hours ("kWh") could see a monthly bill increase of 14.3%, or \$23⁸ (from \$163 to \$186). A typical bundled CARE residential customer using 400 kWh could see a monthly bill increase of 19.1%, or \$17 (from \$89 to \$106).⁹ A typical unbundled non-CARE residential customer using 400 kWh could see a monthly bill increase of 30.1%, or \$29 (from \$96 to \$125). A typical unbundled CARE residential customer using 400 kWh could see a monthly bill increase of 44.2%, or \$21 (from \$47 to \$68).¹⁰

IV. FACTORS IMPACTING CHANGE IN REVENUE REQUIREMENTS

SDG&E's 2026 ERRRA revenue requirement decreased by approximately \$100.9 million due to lower compliance costs resulting from the lower 2026 Forecast RA and RPS MPBs compared to the 2025 Forecast MPBs used in SDG&E's May Application. ERRRA's projected 2025 year-end balance likewise decreased (\$13.5 million) as a result of the true-up of the REC and RA market values to the 2025 Final MPBs, partially offset by undercollections due to lower actual sales than authorized in January-August. Conversely, SDG&E's 2026 PABA revenue requirement increased by approximately \$296.7 million from the May Application as a result of higher above-market costs for PCIA-eligible resources due to the lower 2026 MPBs. Lower

⁸ Differences may not equal due to rounding.

⁹ Customers' actual bill impacts will vary with usage per month, by season and by climate zone. Please refer to the testimony of SDG&E witness Wissman for additional details on rate and bill impacts.

¹⁰ Customers' actual bill impacts will vary with usage per month, by season and climate zone and when a customer became an unbundled customer (Power Charge Indifference Adjustment ("PCIA")) vintage. Please refer to the testimony of SDG&E witness Wissman for additional details on rate and bill impacts.

forecasted RA and REC sales revenues are also a factor in the increased 2026 PABA revenue requirement, as well as lower CAISO supply revenues. PABA's projected year-end balance similarly increased significantly (\$260 million) as a result of (1) the decreased credits in PABA for the market value of SDG&E's retained RECs and RA based on the true-up to the decreased 2025 Final MPBs, (2) the decreased RPS voluntary allocation and MCAM RA sales revenues based on the true-up to the decreased 2025 Final MPBs and (3) lower than authorized customer revenues during January – August, which contributed to an undercollection.

V. SUPPORTING TESTIMONY

This October Update includes the testimony of five SDG&E witnesses.¹¹ Each witness has prepared a markup (served concurrently herewith) of their original direct testimony, in which updates are reflected in a redline format. Those witnesses (and summaries of the updates they performed) are as follows:

A. Mr. Jimmy Elias

Mr. Elias updates SDG&E's 2026 forecast of the procurement costs that it expects to record to the ERRA, TCBA, PABA and LGBA, as well as procurement costs related to renewable energy contracts. Mr. Elias also updates SDG&E's forecast of 2026 total GHG costs – both direct and indirect – incurred in connection with SDG&E's compliance with California's cap-and-trade program, which Ms. Felan uses in her 2026 forecast of the ERRA revenue requirement. Additionally, Mr. Elias provides an updated forecast of GHG allowance revenues, and the amount of revenue available for energy efficiency and clean energy investments in 2026. Mr. Elias also provides an updated forecast of Tree Mortality Non-Bypassable Charge Balancing Account ("TMNBC") costs. Lastly, Mr. Elias's updated testimony supports Ms. Wissman's

¹¹ The direct prepared testimonies of James Simmerman and Daniel Skopec were not updated.

development of the GHG allowance revenue return allocation and the volumetric revenue return for small business and residential customers, and the PCIA.

B. Ms. LaRee Felan

Based on updated forecasts provided by Mr. Elias, Ms. Felan updates SDG&E's 2026 forecast of (1) the ERRA revenue requirement, which includes GHG costs; (2) the CTC revenue requirement; (3) the LG revenue requirement; (4) TMNBC revenue requirement; and (5) PABA revenue requirement and the projected PABA year-end balance. Ms. Felan also compares SDG&E's 2024 year-end balances with the actual 2024 year-end balances in the GHG allowance revenues and expenses balancing accounts, as well as reconciliation of the 2025 GHG Allowance Revenue & Expenses.

C. Ms. Erica Wissman

Based on the updated revenue requirements provided by Ms. Felan, Ms. Wissman updates the rate impacts associated with the ERRA, PABA, CTC, LG, MCAM, SDCP'S DAC GT, and TMNBC revenue requirements as well as the GHG allowance revenue return and projected year-end balances in the ERRA, PABA and LGBA. Based on 2026 Energy Division input factors that recently became available, Ms. Wissman updates the CTC and PCIA rates. Ms. Wissman also updates the allowance revenue return based on updated information provided by Mr. Elias. Ms. Wissman also updates the 2026 MCAM rates.

D. Mr. Stephen Elliott

Mr. Stephen Elliott's testimony updates revenues and costs for GHG compliance instruments to satisfy SDG&E's 2024-2025 compliance obligations under the cap-and-trade program. Mr. Elliott's testimony also includes SDG&E's 2024-2025 revenues related to the sale of its allowance allocation.

E. Ms. Sheri Miller

Ms. Sheri Miller's testimony updates the forecasted Power Charge Indifference Adjustment ("PCIA") costs to include the updated PCIA market price benchmarks issued by Energy Division in the beginning of October.

VI. CONFIDENTIALITY

Along with its original Prepared Direct Testimony, SDG&E submitted declarations attesting to the confidentiality of data presented therein. SDG&E requested that the confidential information in its Prepared Direct Testimony be kept confidential pursuant to Public Utilities Code §§ 583, 454.5(g), D.06-06-066, D.08-04-023, and D.14-10-033, as identified in SDG&E's confidentiality matrix. This October Update contains confidential information that is identified in SDG&E's confidentiality matrix and covered by declarations, which are being submitted with the respective Updated Prepared Direct Testimony. SDG&E requests that the same confidential treatment requested with the original filing apply to the information marked confidential in this October Update.

VII. CONCLUSION

SDG&E respectfully requests that the Commission approve the forecasts and proposals in its Application, subject to the updates contained in this October Update.

Respectfully submitted,

/s/ Cameron Biscay

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October 14, 2025

UPDATED ATTACHMENT G

GHG REVENUE AND RECONCILIATION APPLICATION FORM
(Attachment D of Decisions D.14-10-033 and D.15-01-024 as modified by AL 4587-E-C)

GHG Revenue and Reconciliation Application Form

Notes:

Utilities should complete the GHG Revenue and Reconciliation Application Form in accordance with the procedures described in Attachment D of Decision 14-10-033, as amended by advice letters listed below.

Yellow shading indicates confidential information. However, additional information may be confidential based on a utility's particular circumstances.

Advice Letter 4587-E-A/B/C

(Southern California Edison Company ID U 338 E)

Advice Letter 6326-E-A/B/C

(Pacific Gas and Electric Company ID U 39 E)

Advice Letter 3845-E-A/B/C

(San Diego Gas & Electric Company ID U 902 E)

Advice Letter 177-E-A/B/C

(Liberty Utilities (CalPeco Electric) LLC ID U 933 E)

Advice Letter 425-E-A/B/C

(Bear Valley Electric Service Company ID U 913 E)

Advice Letter 660-E-A/B/C

(PacifiCorp U 901 E)

Template D-1: Annual Allowance Revenue Receipts and Customer Returns

Line	Description	Year 2021		Year 2022		Year 2023		Year 2024		Year 2025		Year 2026	
		Forecast	Recorded	Forecast	Recorded	Forecast	Recorded	Forecast	Recorded	Forecast	Recorded ¹	Forecast	Recorded
1	Proxy GHG Price (\$/MT)	17.12	23.15	28.86	29.48	29.02	\$ 34.06	38.26	N/A	36.16	N/A	33.48	
2	Allocated Allowances (MT)	6,766,147	6,732,862	6,737,256	6,651,508	6,586,708	6,491,305	6,435,664	-	6,279,487	-	6,208,750	
3	Revenues (\$)	3,172,937											
4	Prior Balance		7,376,791	(15,086,698)	(19,307,155)	(5,109,732)	(1,132,447)	606,214	(18,481,272)	(33,945,829)	(314,981)	46,699,335	
5	Allowance Revenue	(115,836,437)	(161,825,842)	(194,403,522)	(189,236,214)	(191,139,679)	(214,387,613)	(246,234,940)	(223,553,623)	(227,092,414)	(198,958,067)	(207,853,428)	
6	Interest	2,372	13,371	(16,300)	(286,178)	(740,443)	350,661	856,139	(722,938)	(130,781)	1,899,544	1,641,714	
7	Franchise Fees and Uncollectibles	(1,189,180)	(1,176,522)	(2,112,270)	(2,301,661)	(2,111,339)	(2,209,861)	(2,804,571)	(2,870,591)	(2,988,533)	(3,037,059)	(1,943,870)	
8	Subtotal Revenues	(113,850,308)	(155,612,202)	(211,618,790)	(211,131,208)	(199,101,193)	(217,379,260)	(247,577,158)	(245,628,424)	(264,157,558)	(200,410,563)	(161,456,249)	
9	Expenses (\$)												
10	Outreach and Administrative Expenses (from Template D3) ²	45,133	104,957	59,799	27,778	27,778	83,000	6,075	(9,956)	(9,956)	-	17,653	
11	Franchise Fees and Uncollectibles	-	-	-	-	-	-	-	-	-	-	-	
12	Interest	-	(25)	-	-	-	-	-	-	-	-	-	
13	Subtotal Expenses	45,133	104,932	59,799	27,778	27,778	83,000	6,075	(9,956)	(9,956)	-	17,653	
14	Total Allowance Revenue Approved for Clean Energy or Energy Efficiency Programs (\$) (Sum of Lines 14a through 14g)	17,773,708	38,035,035	20,261,326	16,039,939	16,039,939	14,462,722	14,462,722	5,851,346	14,725,635	-	8,711,908	
14a	SOMAH (Current Year's Request) ³	11,583,644	31,023,996	19,440,352	12,015,972	12,015,972	12,015,972	12,015,972	12,015,972	12,015,972	-	6,007,986	
14d	Prior Year SOMAH True-up ^{4,5}	100,486	(108,540)	(209,026)	2,933,967	2,933,967	1,351,750	1,351,750	(5,627,543)	1,614,663	-	1,583,922	
14e	DAC SASH	1,030,000	2,060,000	1,030,000	1,090,000	1,090,000	1,095,000	1,095,000	1,095,000	1,095,000	-	1,120,000	
14f	DAC-GT	-	-	-	-	-	-	-	10,218	-	-	-	
14g	CS-GT	-	-	-	-	-	-	-	(1,642,301)	-	-	-	
15	Net GHG Revenues Available for Customers in Forecast Year (\$) (Line 8 + Line 13 + Line 14)	(96,031,467)	(117,472,235)	(191,297,664)	(195,063,491)	(183,033,476)	(202,833,538)	(233,108,361)	(239,787,035)	(249,441,878)	(200,410,563)	(152,726,688)	
16	GHG Revenue Returned to Eligible EITE Customers and Small Business Volumetric Customers(\$)												
17	EITE Customer Return	838,557	389,294	389,295	514,470	514,470	743,942	514,470	2,909,649	2,909,649	3,618,140	3,618,140	
18	Small Business Volumetric Return	1,656,571	2,922,616	-	-	-	-	-	-	-	-	-	
19	Semi-Annual Climate Credit												
20	Number of Eligible Residential Bundled Households	1,351,533	1,319,172	1,307,609	631,782	668,860	429,449	430,248	391,273	292,726	387,966	289,376	
21	Number of Eligible Residential Unbundled Households	-	51,539	54,259	748,759	702,461	955,869	962,326	1,006,130	1,108,940	997,628	1,120,379	
22	Number of Eligible Small Business Customers	-	-	125,715	126,523	131,966	126,941	94,210	114,748	113,083	110,473	100,517	
23	Total Customers Eligible for Climate Credit	1,351,533	1,370,711	1,487,583	1,507,064	1,503,287	1,512,259	1,486,784	1,512,151	1,514,749	1,496,068	1,510,272	
24	Per-Customer Semi-Annual Climate Credit (-0.5 x (Line 15 + Line 17 + Line 18) ÷ Line 23)	34.60	34.60	64.17	64.17	60.71	60.71	78.22	78.22	81.38	81.38	49.36	
25	Total Revenue Distributed for the Climate Credit (\$) (2 x Line 23 x Line 24)	93,536,339	94,853,170	190,908,370	193,416,573	182,519,006	183,608,321	232,593,891	236,562,405	246,532,229	243,491,757	149,108,548	
26	Revenue Balance (\$) (Line 15 + Line 17 + Line 18 + Line 25)	N/A	(19,307,155)	N/A	(1,132,447)	N/A	(18,481,272)	N/A	(314,981)	N/A	46,699,335	N/A	

¹ SDG&E does not have any recorded data for 2025 because the current over-collections are expected to offset 2025 recorded expenses.

² Forecasted Outreach & Administrative Expenses are the forecasted expenses (from Template D-3) adjusted for any forecasted prior year's under/over-collection in the GHGCOEMA and GHGACMA.

³ The IOUs' forecasted GHG proceeds exceed \$1 billion; therefore, pursuant to D.22-09-009, SDG&E has set aside the set amount of \$12,015,971.92.

⁴ The 2022 SOMAH True-up of additional \$1,351,750 was incorrect. It should have been a return of \$5,890,456. Therefore, a true-up of \$7,242,206 will be returned for the 2022 SOMAH funding reconciliation.

⁵ A Supplemental Joint IOU Advice Letter will be filed for the 2024 SOMAH True-Up Funding in May 2025. The \$1,583,922 true-up amount is SDG&E's final proportional share of the \$100 million cap in the annual SOMAH Funding.

Template D-2: Annual GHG Emissions and Associated Costs

Line	Description	Year 2021		Year 2022		Year 2023		Year 2024		Year 2025	
		Forecast	Recorded	Forecast	Recorded	Forecast	Recorded	Forecast	Recorded ²	Forecast	Recorded
1	Direct GHG Emissions (MTCO ₂ e)										
2	Utility Owned Generation (UOG)										
3	Tolling Agreements										
4	Energy Imports (Specified)										
5	Energy imports (Unspecified)										
6	Qualifying Facility (QF) Contracts										
7	Contracts with Financial Settlement										
8	Subtotal										
9	Total Emissions (MTCO ₂ e)										
10	Proxy GHG Price (\$/MT)	\$ 17.12	\$ 23.15	\$ 28.86	\$ 29.48	\$ 29.02	\$ 34.06	\$ 38.26	\$38.10	\$ 36.16	
11	GHG Costs (\$)										
12	Direct GHG Costs										
13	Direct GHG Costs - Financial Settlement										
14	Previous Year's Forecast Reconciliation (Line 16)										
15	Total Costs										
16	Forecast Variance (\$) ¹										

¹Also reflects adjustment for shift in regulatory accounting from cash to accrual

²Recorded data is equal to forecast and will be updated with the October Update filing.

Template D-3: Detail of Outreach and Administrative Expenses

Line	Description	2024		2025		2026	
		Forecast	Recorded ²	Forecast	Recorded ¹	Forecast	Recorded
1	Utility Outreach Expenses (\$)						
2a	SMB Communications	(14,993)	(25,560)	(25,560)	-	(9,646)	
2b	Other (Consultant)						
3	Subtotal Outreach	(14,993)	(25,560)	(25,560)	-	(9,646)	
4	Utility Administrative Expenses (\$)						
5	Marketing - SDG&E (email, bill insert)	21,068	15,604	15,604	-	27,299	
6	Subtotal Administrative	21,068	15,604	15,604	-	27,299	
7	Utility Outreach and Administrative Expenses (\$) (Line 3 + Line 6)	6,075	(9,956)	(9,956)	-	17,653	
8	Additional (Non-Utility) Statewide Outreach (\$)	-	-	-	-	-	
9	Total Outreach and Administrative Expenses (\$) (Line 7 + Line 8)	6,075	(9,956)	(9,956)	-	17,653	

¹ 2025 Recorded data reflects actual data for January 2025 to August 2025 and updated forecasted data for September 2025 to December 2025. No funding is recorded in 2025 because the 2025 forecast funding was recorded in December, 2024.

² 2024 Recorded data reflects funding for the 2025 forecast. Decision 24-12-040 approved the 2025 ERRA Forecast Application (A. 24-05-010) and issued on 12/19/24, therefore, the funding was recorded in December, 2024.